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'Get Rich Quick Schemes and Scams - Secrets Revealed'

For the special people: Sophie, Harry, Max, Lucie, Elizabeth and my parents.

For the people who passed the prison test and the wonderful people I met on the journey: Lorna, Heidi, Otis, Sharon, Keith, Gush, Ata, Andy, Sabina, Chris, Ernesto,

Sergio, Sam, Nico, Jason, Jean-Michel, Marco, Nick and Kenny.

For the people who failed the prison test miserably – bless you!

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Buyer beware

Once you have read the numerous frauds detailed in this chapter you will ask yourself how on earth can an investor get fooled into investing in the next property scam that comes along – they have seen it all before. Well you will be surprised!

Renwick Haddow case study:

Bar Works – Office Space in New York

Some projects start off with legitimate intentions and go array, others are fraudulent from the beginning. I should know. I founded Bar Works. Below I have given a detailed description of how the project was set up, grew and then collapsed and the legal and criminal fallout. This description should give you a good insight into how these property scams work, and should help you identify future projects to be avoided.

The idea

Back in 2003 I founded a Venture Capital business that raised money through a series of tax efficient startup funds. These funds targeted startup ventures. Prior to this career I had been a director of an English Pub company. Whilst looking to expand our venture capital operation I came up with the idea of leasing a pub close to the city of London, using the bar area for meetings and turning the four floors of accommodation into offices for ourselves and each of our startup companies that we had invested in. This would be an excellent way to keep an eye on our investments whilst charging them a fee for their office space and holding our meetings in a more relaxed environment. Above all, the pub we had in mind would provide enough space to ensure we made money from this 'side venture' and stay rent free. This was before

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the days of co-working spaces and 'incubators'. In fact the idea was so good, the landlord ran the numbers on our plan and immediately doubled the rent which made the plan marginal. The idea stayed with me!

Ten years later I moved to New York with my wife to be with a blank canvas. Whilst looking for new offices for another venture I had just started, a crowd funding website, the taxi dropped me in the wrong street. Initially I was pretty frustrated as I was running late for my meeting with the real estate agent. As I calmed down I started to pay more attention to my surroundings and spotted a shuttered Italian restaurant (located in midtown Manhattan 39th Street between 5th and 6th Avenue). I peered inside and discovered a huge space with a mezzanine, cool bar and a sign saying call this number. I called my wife and revealed my idea from ten years ago to her, updated, and she said 'go for it'. That was June 2014. After some too-ing and fro-ing with the landlord we eventually signed a lease for \$10,000 a month with four months rent free. The location occupied about 4,000 sq ft not far from two WeWork and another co-working space which I had previously worked out of (Ensemble on 46th and 6th Avenue). I knew site had potential.

The New Format

Serviced offices have been around for years – before 2003 that is for sure. A serviced office is an office within an office. Typically you will choose how many desks you require, and you will be charged by the desk. You also share facilities such as bathrooms, meeting rooms, receptionist and lounge area. These types of serviced offices are usually located in busy commercial areas and occupy the upper floors of buildings. Regus is the largest operator in this market. WeWork were the new kids on the block and offered a similar set up but their offices were cooler – glass cubicles

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with 'Ikea' furniture along with free beer on tap. One of the main benefits of opting for a serviced office, as opposed to your own office with accompanying lease, is that the lease term is usually only no more than three months so you are not tied in if you want to expand or downsize later. When I first used one of these facilities in Manhattan I was shocked by all of the extra charges they hit me with every month. The phone and photocopy bill was higher than the rent. I took a copy of that bill and used it later to good effect! I like the co-working space I had occupied before I started Bar Works. It occupied the 10th floor on 6th Avenue. As you exited the elevator you were presented with a receptionist and behind her rows and rows of tables. In addition to the rows of tables there were also five self contained offices and one communal meeting room. To rent a desk space was \$550 per month. I ran the numbers. The place was close to capacity. It looked like it cost peanuts to fit out – how much does a few tables cost? I worked out that with at least 100 desks (inc offices) x \$550 per month = \$55,000 sales per month. The rent couldn't have been any more than \$20,000 per month and all they needed to operate was a receptionist come sales person. So I estimated the operation was netting around \$30,000 per month. I estimated the fit out cost \$50,000. This is a great return on capital I thought! With that information I calculated that I could squeeze in 150 desks into my 39th Street location. At \$550 per month that is gross sales of \$77,000. After costs of a manager and rent I estimated net profits of around \$60,000 per month.

The Fit Out

I decided to manage this endeavor myself with some help from my wife who was excited by the project. We employed a contractor who quoted us \$35,000 to repaint the property, strip out the kitchen and create a meeting room and generally make

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good. One thing I hadn't budgeted for was the electrical points and the wifi connection – each work space required one. That little lot came in at another \$30,000 plus furniture and we had a fit out cost of around \$100,000, which is still pretty cheap but double what I expected. We kept the bar, the already fitted cloakroom and the lighting which was more than adequate. The whole job was done in two weeks! I worked 24 hours for a week straight but it was fun! We had our first paying member the day we opened. He had a food start-up and needed some space for a fridge. No problem put it in the basement!

Marketing

Here is where things started to go slightly array. On the face of it this project would be easy to market. It occupied a fantastic location unlike other co-working spaces which did not have the same visibility from the street as we benefited from. We expected substantial walk by traffic – we were correct in that assumption. We position an A board outside on the side walk promoting our services and we had a very cool Bar Works hanging sign and canopy installed. It stood out. In our first two weeks of trading we had walk in visits from the owner of Ensemble who was interested in doing a joint venture (I wasn't interested), a secret visit by one of the Virgin Groups staff who wanted a meeting to discuss our concept (I declined this too as I could see Virgin setting up their own co-working space concept – in fact they probably will at some point maybe combine it with their health clubs) and finally the co-founder of WeWork Adam dropped in to take a look.

We set up the www.barworks.nyc website and offered the following services to our clients for \$550 per month:

- Free wifi

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- Free coffee
- Free photocopying / scanning
- Free VOIP
- Free meeting room

The first problem however was that this is an extremely competitive market – it is even more competitive now so to attract members we had to offer substantial discounts, at least to begin with. It is hard to attract members when the place is empty.

We signed up one company who took the whole mezzanine area -20 desks and by the time Christmas 2014 – we had been opened three months –we had around 25 members. We even had a small Bar Works Christmas party. The reality is it would take a while to build up membership. But we had the time to do this so I was confident we would have filled the location within 12 – 18 months however I had an idea...

Selling Desks as an Investment

When I tell the story of Bar Works today no one can believe I sold a space on a desk for \$25,000. 'It's a piece of wood!' Fortunately I don't listen to naysayers – but this one time I should definitely have had second thoughts! I write this from a maximum security jail around the corner from one of my Bar Works locations in downtown Manhattan!

Anyway, I had the idea of 'securing' the workspaces and selling these workspaces as investments. I had already prepared an information memorandum and started to sell stock in Bar Works to raise money to open new locations through my crowd funding business and to invest in the first location. This hadn't proven very popular – I was

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selling this investment exclusively through my crowd funding business In Crowd Equity.

The idea was just to sell 50% of the 150 desks to investors. That would have brought in \$1.9 million. The arrangement would pay 50% of the desk revenue (50% of \$550 per month) to the investor which was a return of 14%. Based on 75 desks paying 50% of its income to investors this would equate to around \$250,000 being paid to investors to cover their rent out of a projected annual profit of \$720,000 – so there was plenty of margin of safety to pay investors – in theory.

Marketing the Investment

I started by discussing the idea with three of my contacts. The first one called Savraj had followed me to New York from London and had experience selling the Park First Investment (which we will cover later in this chapter). He loved the idea. His reservation was there wasn't enough desks to keep agents interested. He promised to go away and talk to a few of the agents who were selling Park First – who were bringing in \$2 million a week (Savraj had access to their online agent deal for Park First network. Secondly I spoke to an old manager James Brown who had run my Dubai operation a few years previously and was now independent. He liked the idea and demanded an exclusive arrangement – as in we had to sell the investment exclusively through him. Thirdly I discussed it with someone who I had done some business with before, a guy called Jim Moore. Jim had previously been the founder of a company called Inside Track (See page ...) which at its height was the most successful property seminar company in the world – at one point he was worth over \$150 million (Times Rich List). Again Jim loved the idea and told me he had a

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property brokerage in Spain that could sell this. He would come to New York to discuss it with me.

Making the choice

I have always found that if you find it difficult making a choice take all the options. I chose all three options.

I gave James Brown's company an exclusive for 3 months.

Savraj came back to me and said if I could sign up additional locations and keep a good pipeline of locations flowing he would be able to find agents for the project.

Jim said he had buyers lined up already, but that similar to Savraj his brokers needed an exclusive and a pipeline of future sales.

There was a fourth option which I also pursued. Another of my old managers Jack Bone called me to find out what I was up to. I told him about Bar Works. I received a similar enthusiastic response. He agreed to run the Bar Works Investment Sales division from a new office in Portugal where he was residing. To say these four arrangements caused chaos at the beginning would be an understatement! Everyone was stepping on each other's toes. I was getting calls from James Brown saying he had heard that a company called UPG (Jim's company) were saying they had an exclusive. Jim was calling to say that Pan Pacific (Browns company) had an exclusive. Savraj was calling me to tell me that UPG were poaching his agents and Jim would call me to say Sam was poaching his agents.

Somehow I muddled through all these daily conflicts. It turned out that James Brown was all talk and no action and after 2 months of 'selling' he had sold less than \$100,000 and would call me daily to ask me to reduce the price \$25,000 or whether

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he could sell half desks. I resisted. By December 2014 (2 months of sales) UPG had sold \$2 million of workspace and Savraj around \$500,000. Brown was out.

Lets pause for a moment

Hindsight is a wonderful thing! The day I issued the first sales brochure for Bar Works seeking to sell 75 desks I should have known that if I sold more desks compared to the number of members we had at that time I had a Ponzi scheme on my hands. I, of course had this thought at the back of my mind but I justified this by saying to myself that I had good intentions and intended to market Bar Works to prospective members, build up the membership and build a successful brand. Unfortunately that wasn't enough! We have already looked at the definition of a Ponzi scheme. There are no mitigating circumstances. It is either a Ponzi scheme or it isn't. I had no intention of running a Ponzi scheme at the outset. The day I agreed to set the workspace as an investment however I had thrown away my get out of jail free card! My big mistake was I should never have sold investments in this project, or at the very least done so when I had sold out memberships to at least two locations - but even this would probably not have worked. No I should have not entertained the idea in the first place. But I did and I get to tell the story and a story with an unhappy ending for me and the investors. I regret that decision and I am sorry for the harm that it has done - deeply sorry.

December 2014 – a Christmas to remember

The chaos continued with the 'four choices'. I whittled down to three when I told James Brown he had lost his exclusive. It turned out he couldn't sell snow to the Sudanese – unless he could offer chocolate bars and fee delivery! He continued to sell

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the product I found out later but diverted the funds from the client directly to himself. I was glad to see the back of him.

I was selling shares through the Equity Crowd Funding 'In Crowd Equity' business we had, but that was minimal and Jack Bone was beginning to get momentum and started to build a decent sized sales team in his office in Portugal. He was bringing in around \$300,000 per month. After two months of selling those investments and after paying off all the expenses and commissions I had amassed \$1.5 million – my share. It seemed as though it would be a good Christmas.

I arranged a Christmas party for my crowd funding business, which employed about twenty brokers, in a top restaurant in Manhattan – Tao. A few days later whilst sitting in the office at 36th Street (the crowd funding business office) two guys walked in with long raincoats and serious faces. My immediate reaction was 'I don't have any interviews today do I?' Then they pulled out their business cards. The only words I could see as my heart hit the top of my head and pulsed like jelly was 'Securities Exchange Commission' the US regulator of securities. The manager of the sales operation who I was sitting with at the time took one look at those cards and left the room in record time. The two investigators said they were here to see if I was running an operation that should be licensed. It was hard for me to concentrate on the two SEC guys with all the screaming going on outside on the sales floor. I excused myself for a minute told the manager to make sure everyone kept their voices down and whilst they were about it 'take a long lunch break!' The meeting lasted over three hours. It was intense! I called my US lawyer immediately afterwards and told him to liaise with the SEC.

The second episode happened a few days later on Christmas eve as I headed in to Manhattan to do some last minute Christmas shopping. I started to receive calls and

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messages from staff who's cheques had bounced. I called up the bank, Wells Fargo to find out what the problem was. 'You have used the account against the terms and conditions you signed up to, your account is frozen'. 'Ok' I thought 'this is a problem'. Fortunately I had another bank account so I managed to pay the wages from this. My main worry was how this was going to look with the agents and investors when we informed them of the change of account. I decided to delay the Christmas shopping and headed to Chase – a very prestigious US bank. Within two hours I had set up a new account at Chase and then I stepped across the street and set up another account at Citibank. I also called up Jim, Savray and Jack and told them I had some good news for them. 'Wells Fargo it turns out was a shit bank and didn't cater for online banking so I have opened an account with Chase. You will receive all the new banking information later today'. They liked the idea of Chase – investors outside the US had never heard of Wells Fargo anyway – everyone has heard of Chase! I headed off to finish my Christmas shopping and returned home glad to see the end of the day.

Crowd Funding Business – Shuttered

The crowd funding business which I ran was becoming a free for all. The elevator attendant was dealing drugs to my staff. Brokers were high when calling clients and pressurizing them into buying stock and half the staff would return from the pub every lunch time drunk. After the visit from the SEC and the success of Bar Works I closed down the Equity Crowd Funding business and focused on Bar Works taking a few of the good staff over to Bar Works.

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New locations

Between Christmas and new year 2014 I was located at a new site we had just leased near Times Square. (46th Street and 6th Avenue around the corner from Ensemble). Our building contractor from 39th Street was asked to quote for the fit out but got greedy so I told him to get lost and interviewed five other contractors before the new year. Three of them didn't show up and out of the two that did one submitted a competitive quote and promised to finish the job within eight weeks. This location just needed a new bar, new wooden floor, two new meeting rooms constructed, desks and the wifi / electrical system installed (the electrician got greedy too and quoted double what he had charged in 39th Street – he was told to get lost as well). The budget for the fit out was \$150,000.

Shortly after signing the lease on this property I signed an exclusive deal with a real estate agent who would source property for us. Her name was Melissa and the company Metropolitan Property Group. They found us a property in Greenwich Village with frontage onto 6th Avenue. It was our best location. We fitted this out quickly installing a bar, fixed seating, new floor and a few offices and meeting rooms. This location opened in June. This was a prize building and the landlords requested numerous meetings with me before signing. They had been early investors in WeWork and were interested in finding the next WeWork. I was flattered when they accepted our lease offer.

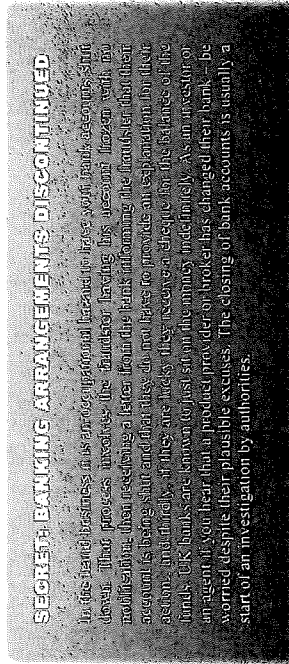
By June 2015 we had restructured the co-working investment with Jim's help. Rather than sell each desk for \$25,000 on a ten year lease with a flat 14% return we came up with the 'Wealth Management Programme'. This encouraged multiple purchases. The more units you purchased the higher the investors return. Five units – for an

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investment of \$125,000 attracted a return of 15.5%. We discouraged single purchase and reduced the return to 12% for the purchase of one workspace. Sales exploded! Whilst I was signing up new leases / locations quickly it wasn't quick enough to support the demand for this product. I had never seen anything like it. By this time Savraj was producing around \$1 million a month from his agency network, UPG (Jim) \$2 million and Jack \$0.75 million. This all changed when Jim came to me with an idea for a new agent network in China. This was to cause a major irreparable fall out with Jim and UPG.



China

The Chinese are notoriously hard to please. They will not entertain the idea of investing until they have total trust in the individual and the firm they are dealing with. That involves numerous face to face meetings. All the real estate brokers in China have fostered these relationships and are very careful which products they take on. Jim had a proposal from a Chinese based agent – who wanted an exclusive for the Chinese region. When I mentioned this to Savraj he advised me against signing any exclusive deals as that would exclude the Chinese agents he was working on. It was in

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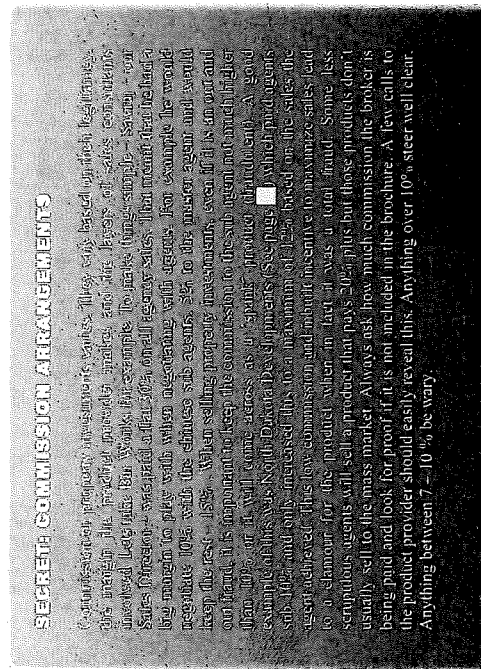
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my interest to treat Savraj more favorably than Jim because Savraj's commission was 30% and Jim's (UPG) was 30% plus an override (a commission over and above UPG's commission) on each UPG sale. This was a ridiculous arrangement it had to be admitted. The idea was to get critical mass with Savraj and then phase Jim out. Here was our opportunity.

Grabbing all the Chinese Business

Savraj came up with the idea of befriending the Chinese master agent who he was already dealing with and as it turns out didn't like dealing with Jim. The master agent agreed to deal with Savraj direct and cut out Jim and UPG. Jim would be none the wiser as he wasn't privy to the sales figures. In the first few months the Chinese came on board we had investment sales of \$9.5 million – one day we received over \$1.5 million. Things went into a different league.



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Fall out with Jim

Jim wanted to take control. He had already negotiated 35% of the equity in the business and paid for the equity through his commissions. He flew to New York from Miami where he was based to discuss his new plan. Firstly he wanted a new managing director to run the business. The guys name was Sean Phillips who was previously the operations director of the international fitness chain Fitness First. I didn't have a problem with that. It would add to the credibility of the business plus it would remove a big obstacle to the business – my pseudonym. I was going by the name of Jonathan Black both in person and on official documents including the sales brochure. My reputation was unfortunately shot caused by my problems back in the UK (See agriculture scams Chapter ...). My problems related to an agriculture and carbon credits project which were closed down and taken to court by the UK regulator the FCA. My name when typed into the internet revealed pages and pages of negative comments. To counter this and to ensure I was free to continue my commercial activities I decided to start afresh with bar Works and change my name to Jonathan Black. The problem was I was still dealing with people from my past who knew me as Renwick and therefore when the new met the old confusion prevailed followed by suspicion (probably after they carried out their own internet research). The idea of bringing in Sean Phillips was a good one, apart from him being a good operator he would deflect the attention away from Jonathan Black who could sink off into the background. Jim's second idea was for Savraj to stop selling to agents and to focus on membership sales. This idea was not attractive to me. It meant Jim and UPG would control the agent network which would allow them to cut off sales when they felt like it or if we had a fall out – which in this business is a regular occurrence. Finally he wanted to roll out the opening of Bar Works in the Middle East and create a new

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management team to operate this and transfer the Bar Works brand to a new company. He must have thought I was born yesterday. What this would allow him to do is sell workspaces for these new locations and control the money whilst also taking control of the US operations and funneling the money from the investment sales through this new structure. This new strategy would work well with Savraj moving to membership sales – he would have total control of the agency network at a point when Savraj was biting at UPG's heels. I humored Jim on the last idea and told him flat no on the Savraj idea. The humoring continued for a few weeks. I advised Jim to put a firm proposal together so that I could review it. Jim is a great talker but putting finger to keyboard is near impossible – I knew this would sideline the idea. Over the coming weeks I felt he was up to no good. That coupled with the Chinese double cross which he must have figured out added to my suspicion. In the meantime I had agreed to purchase the second oldest restaurant in San Francisco (On Sacramento Street in the main business district) and had arranged a loan for the purchase (in my real name). The purchase cost \$3.5 million and I borrowed \$2 million for the purchase. The Chinese bought the 250 desks in a few weeks. We couldn't find locations to satisfy the demand quick enough and as a result we oversold most of the locations hoping to correct the position at a later date. At this point Savraj's network has surpassed UPG's and because of UPG and Jim's commissions I really needed an excuse to cut our ties with them. That excuse came when Savraj called me to tell me that he had been sent a sales brochure for a company called Our Space which had Sean Phillips as the CEO and a few other familiar faces. Whilst Jim was not in the forefront of Our Space everyone in the industry knew he was behind it. I was surprised he had done this so quickly, it meant he had been planning this for a while – his first location was in Dubai, his second was UPG's office in Spain and third was in

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Miami. But I had seen it coming and had accumulated his commission payments which amounted to around \$500,000 at the time of the phone call. The second phone call was from Jim. I started the conversation with:

'I am surprised to hear from you'.

'Oh why is that?'

'Well I have just seen your new Our Space brochure'.

'Oh yeah that. That is something I am doing on the side. It doesn't effect Bar Works'

'Really' I said 'So why does it say next sites coming Miami, New York and San Francisco?'

Oh that is just window dressing, anyway I am not involved in this'.

'Jim, don't bullshit me. You have copied my idea, stolen my IP and now you are competing with me!' (I have removed the offensive language!)

'Listen we can discuss this but in the meantime you need to settle the money you owe me'.

'You must be joking, what so you can use this money to open more locations. Nope, that isn't going to happen' and I ended the call.

Jim followed that up with a text message threatening to reveal I was Jonathan Black and to bad mouth us to all the agents. I told him to do what he needed to do. Sales from UPG immediately grinded to a halt but that wasn't an issue as Savraj had by this stage poached all the best performing agents.

New locations

After the fallout with Jim I added 5 more locations in New York (total 7), a location in Miami (We opened that in record time), Las Vegas, LA (West Hollywood, which

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we opened within one month of signing the lease) and Istanbul Turkey. We had locations ready to sign in New Orleans, London, Berlin, Barcelona and Bangkok.

New format

I needed to think of a way to attract new members quicker than our normal methods of walk ins, social media and networking events. I was growing more nervous about the fact I was operating a Ponzi scheme and I attempted to balance the members with the investors / workspace sales. The lady I partnered with to create a fitness studio in our lower Manhattan location (around the corner from the prison I am currently in!) introduced me to a guy who operated a small growing chain of juice bars – Pure Green. At that time we were refurbishing our lower Manhattan location. He agreed to open a juice bar in this location to attract walk in traffic so we could convert these into members. He also introduced me to Dave Asprey the founder of Bulletproof who agreed to open their first coffee shop on the East Coast within this location. Again the buzz around this popular brand compiled with walk in traffic should allow us to sell out our membership quickly. This new format was to be rolled out at our 8th Avenue store opposite the huge Google HQ and in Miami. San Francisco also followed this format and I had negotiated a sub-lease with a local bar operator to run a cocktail bar on the ground floor.

Problems – Big problems

After that visit from the SEC I started to receive subpoenas from them regarding Bar Works. In addition staff were being interviewed by the SEC. I engaged a lawyer to deal with these issues and pleaded the 5th amendment when the SEC requested an interview with me. That turned out to be a bad move.

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Sales of the investment plan were still booming – averaging between \$5 – 9 million a month depending if the Chinese were buying, but the Chinese were replaced by a Russian, Indian and Middle Eastern network. I continued with the expansion despite the stress of the SEC breathing down my neck! In December 2014 Bar Works was awarded Most Innovative Property Financing for 2014 by Real Deal a New York based real estate publication. Also I had fired Sean Phillips because he turned out to be worse than useless (before I found out he was part of Our Space) and had hired a new CCO a guy named Franklin Kinard and a PR agency and social media director. I was still pretty active but I was focused on finding new locations and getting them opened fast. I was travelling all over the country plus travelling back to the UK every five weeks to see my children from my previous marriage. June 2015 was the turning point. A very negative article appeared in Real Deal disclosing my involvement and suggesting Bar Works was a fraud. This was followed by another article in Crains a New York based weekly word spread quickly. Savraj had the agency network calling and I had to field calls from concerned landlords. We dealt with the problem by insisting that Jonathan Black was a real person and that Renwick Haddow was indeed involved but wasn't involved in running the business which was the job of Franklin Kinard. Jonathan Black, Savraj and Franklin Kinard got on the phone with a few of the big agents and managed to placate them. Renwick Haddow called all the landlords and calmed them all down and regained their trust and support. One landlord (Miami location) was the founder of the gym chain Crunch, who I had met many years ago in an attempt to persuade them to open in the UK under my supervision. He is one of the most inspirational people I have met – it is an embarrassment how this all ended! The problem with doing business in the age of the internet is bad publicity spreads quickly. Despite my efforts to suppress the negative articles on the internet through

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website reputational professionals this took too long and never had much of an effect at keeping the bad press from the first page of a Google search on 'Bar Works'. By March sales were down to around \$3 million a month and by April \$2 million. Our monthly return payments were close to \$500,000 a month so by April we had a big enough cash flow problem that we had to delay our rental payments to investors.

How to handle delayed rental payments

It was obvious by April 2015 that the investment plan model was dead. But I had a plan. To conserve cash we would close the marginal locations and focus on the new format locations. We would keep open, San Francisco, West Village (NY), Lower Manhattan (NY), 8th Avenue (NY), Miami and LA. The rest would close. We would focus all our resources on recruiting new members and persuade investors in the lease plan to take equity in lieu of their investment in the workspaces. The agents and the lease plan owners didn't buy into this idea. I found out later that the FBI became especially interested when we failed to make rental payments.

Writing on the wall

Apart from the subpoenas which I had answered – albeit under the name Jonathan Black – things had gone quiet and then all hell broke loose. I was on a return flight in May back from viewing property in New Orleans when I picked up a voicemail from the companies administrator, resigning and forwarding a voicemail from an FBI agent. The message asked the administrator to contact her regarding her involvement with Bar Works. That plane journey was very stressful, I expected to be met at the airport by FBI agents. That didn't happen at that time. A few days later Savraj contacted me to say he had been receiving threatening messages from the Russian

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master agent. The Russian agent had warned us at a face to face meeting, when we were first introduced to them that a previous US investment broker who had dealings with the Russian Consortium and lost them money was never seen again. That warning hung in the air. My wife advised that I move out of the family home for a while until things calmed down. I moved to Miami and lived and worked from my boat for a month. Whilst there I received a number of civil law suits from the Chinese investor groups. Finally I received a call from Savraj whilst I was in the Bahamas on my way to the UK saying he had just left a meeting with the SEC and FBI and he couldn't speak to me again.

I headed back to the UK to attend the FCA court case which had been going on since 2011 where I was intending to attend the court hearing scheduled to start in July. I spent the first week with my children and then headed to Morocco to attend to some business for a few days. I arrived in Morocco on Monday and then after dealing with my business headed to the airport in Casablanca. I was sitting having a coffee ready to check in for my flight when I thought I would just take one final look at my emails using the coffee shops WiFi hotspot. 'Don't go to London – FBI – Don't call back'. That message came from my wife. After consulting with my lawyer he advised I didn't get on the plane until he had negotiated my surrender. I learnt later that 16 FBI agents raided my home in the US at 4am. The Moroccan police finally caught up with me on the 26th July. 20 days after issuing its arrest warrant. I spent 9 months in a Moroccan prison awaiting extradition.

Lessons Investors can learn from this

1. The high returns of 14% should have been a warning sign.

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